



# Macro & Market News

Week 34 2022 – Week ending 26/08/2022



# Macro/Economic News

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- **Economists at Citi** have predicted that inflation in the UK will rise to 18.6% in January, pushed further by two more hikes in energy costs.
- **Long-term rail strike action** will lead to “irreparable” damage for the hospitality industry without government intervention, the Night Time Industries Association (NTIA) has warned. Many operators have reported an estimated loss of up to 40% in trade from previous walk-outs and unions have warned that strikes could go on “indefinitely” as rail staff across the network continue their dispute over pay.
- **Ofgem** has announced that the energy price cap for households is to rise from its current £1,971 to £3,549 from 1 October. The rise, which was broadly expected, is nonetheless very material and it is likely to change consumer behaviour in Q4 this year and thereafter.
- **The Federation of Small Businesses** has warned that firms are experiencing rises of around 424% in gas costs and 349% in electricity since the beginning of last year. There are reports some smaller hospitality firms are being asked to pay energy deposits to their suppliers, in some cases running up to £10,000.
- **Weekly footfall** last week was down 19.3% on 2019 levels, according to Springboard, this represented a 12.3% increase year-on-year. Heavy rains kept shoppers indoors in the first half of the week, with strike action impacting the rest of the period. Springboard says that it was ‘clear that the train strike on Thursday led to employees working from home; footfall in Central London, Springboard's Back to the Office Benchmark and in city centres across the UK all declined, whilst in market towns and in Outer London - which typically benefit from home working - footfall rose.’



# Market News

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# Market News (1)

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- **Surging chicken costs** are hitting restaurants hard. Scott Collins-led concept MeatLiquor is joining forces with other restaurants including The Real Greek to enhance its buying power after the price paid for chicken leapt 20% in six months. Neil Piper, interim general manager of KFC UK & Ireland, told The Sunday Times the business is “walking the tightrope of unprecedented levels of inflation” and the need to “remain affordable” as it puts up prices in the wake of escalating costs. At Nando’s, the price of ten chicken wings with two sides has risen from £14.95 this time last year to £16.25 today – an increase of 8.7%. A whole chicken last August was £13.95, and it’s £14.95 now – an increase of 7.2%. Meanwhile, four boneless chicken thighs are up 6.9%.
- **Taco Bell** has opened its 100th UK site, located in Spalding in Lincolnshire, following 18 months of rapid growth. Further sites in Torquay and Hornchurch will launch in the coming days.
- **Cineworld**, the world’s second-largest cinema chain, said it was considering filing for bankruptcy in America. The British business, which also owns Regal cinemas in America, said that a shortage of blockbuster films and the popularity of online streaming had threatened its recovery from the pandemic, which saw its debts soar. The company had a market value of just £56m (\$66m) at Friday’s close.
- **Amazon** is reported to have paused its UK roll-out of its till-free grocery stores. It is reportedly ‘facing disappointing sales at the 19 check-out free shops it already has in the UK.
- **Spanish Restaurant Group (SRG)**, the team behind Tapas Revolution, has opened its tenth site under the brand, in Basingstoke. Founded in 2019 by Spanish celebrity chef Omar Allibhoy, Tapas Revolution’s new site is now open, serving tapas favourites, paella and a range of larger sharing plates and main courses, including 12-hour slow-roasted Iberian pork shank served with piquillo peppers and green beans. There are also vegan options, a bottomless brunch at weekends and cocktail offers from 3-6pm Sunday to Friday.
- **Snowfox Group**, which owns the YO!, Taiko and Bento brands, has reported sales growth of 60% in the first seven months of 2022 and says it remains on track for a further uplift in Ebitda profits for the financial year. The growth, in the seven months ending 30 June 2022, took revenue for the period to £182.7m. The period also saw the opening of 124 further sushi kiosks, supported by the rollout of 76 UK sites in partnership with Tesco and Asda. One new restaurant has also opened in the UK, with another scheduled to open in FY22, and further selected openings “remain under consideration”.

# Market News (2)

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- **Jake Bishop, co-founder of cafe bar operator Loungers**, has invested in delivery business Foodstuff and joined its board as a non-executive director. Foodstuff, which was founded by Toby Savill and James Perry, has delivered 75,000-plus orders across four major UK cities since its launch in Cambridge in May 2020. The business, which is also backed and chaired by Draft House founder Charlie McVeigh, is currently overfunding on its £900,000 crowdfunding campaign through Crowdcube by 120%, as it looks to raise funds to help it expand into four more major UK cities, including London. The company said it is on “a mission to redefine the industry, focusing on quality food from indie restaurants delivering zero emissions”.
- **Fish and chip shops are facing “extinction”** amid the soaring price of cod, sunflower oil and energy, an industry body has warned. The National Federation of Fish Friers (NFFF) is urging the government to cut VAT and help shops battling a tide of rising costs with their energy bills. The federation has secured a meeting with ministers to further its plea for help. NFFF president Andrew Crook said about two thirds (66%) of shops had reduced opening hours to save money, equating to a fall in staffing levels of four people per shop.
- **Boparan Restaurant Group (BRG)** has applied to open the 28th restaurant under its Slim Chickens brand, in Plymouth. The 27th Slim Chickens opened earlier this month in a Tesco Extra store in Redditch, the first under a new partnership with the retailer. In July, BRG opened four new restaurants under the Slim Chickens brand and said it plans to be operating 350 restaurants in Britain under the US brand in the next few years.
- **Lemon Pepper Holdings, which is rolling out Wingstop across the UK**, is to open the largest site to date here under the US chicken brand next week. The 3,500 square-foot, 130-cover site will open in Manchester’s Trafford Centre on Wednesday, 31 August, with expectations of being the brand’s highest volume site worldwide. Earlier this month, it also applied to open a restaurant in the former TSB Bank site in London Road, Southend.
- **Starbucks first and largest UK franchisee, 23.5 Degrees, will open its 90th store today** (Friday, 26 August). The opening in Blaydon, Tyne and Wear, is part of an ambitious expansion programme for 23.5 Degrees, which has a strong pipeline of approved stores and the business reaffirmed plans to reach 300 stores by 2027.



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